

ECONOMIC DEVELOPMENT COMMISSION

MEETING MINUTES

February 17, 2022

8:30 a.m. – 12:00 p.m.

MEETING DATE

February 17, 2022

Virtual Meeting

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, Andrew Sparn, Walker Stapleton, Jandel Allen-Davis, David Drago, Chris Franz, Simon Tafoya, Wendell Pryor, Steven Paletz, and Jay Seaton.

B. Guests

Sarah Levin, Kendra Rodriguez, Steve with Project Thunderbird, Lukasz Dubaj, Trish Thibodo, Laura Rodriguez, Kyle Egbert, Michael Macklin, Evan Wendlandt, Mitch Dickman, Judy Nogg, Taylor McFadden, Stephanie Pitts-Noggle, Tina Saucedo, Wendy Holmes, Aldo Svaldi, Dana Mattice, Morgan Alu, Dave Krogman, Jim Rankin, Ed Sealover, Trina Hand, Britta Erickson, Lucas Koski, Warner Davis, Matt Bell, and Cilia Kohn.

C. Staff

Patrick Meyers, Jeff Kraft, Sean Gould, Sonya Guram, Andrea Blankenship, Tad Johnson, Michelle Hadwiger, Mike Landes, Che Sheehan, Keri Ungemah, Kelly Baug, Donald Zuckerman, Martin Gonzalez, Jill McGranahan, Rama Haris, Marisela Parraguez, Hasti Soltani, Andrew Streight, Ruth Wilson, Rachel Rose, Elise Hamann, Margaret Hunt, Sarah Harrison, Tim Wolfe, Morgan Vankat, Mike Kotlarczyk, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the January 20, 2022 EDC Meeting.
2. The Economic Development Commission approved the following projects/items:
 - **JGITC:** Project Apollo.
 - **Policy:** Setting Average Annual Wage and Other Metrics.
 - **SF:** Project Thunderbird; Workforce Resilience Training Program Earmark; Tourism Earmark; and CCI CRG Colorado Springs Project Request.
 - **EZ:** ArtSpace Feed and Grain; Homeward Alliance; Family Housing Network Fort Collins; and Longmont Downtown Development Authority.
 - **COFTM:** The Faux Princess and the Vietnam Vet; Black Diamond; and Lovers.
 - **RJS:** 2022-24 Designation of Economically Distressed Counties; and San Luis Valley Development Resources Group Sponsoring Entity.
 - **AI:** CU Denver POC Allocation awards for Final Approval; and Business Accelerator Grant awards for Final Approval.

A. Meeting Called to Order

Schiff called the meeting to order.

B. Minutes

Schiff called for a motion to approve the minutes from the January 20, 2022, EDC Meeting.

Paletz moved approval of the minutes. Allen-Davis seconded the motion. Motion passed unanimously.

M/S/P – Allen-Davis, Pryor – Minutes approved as presented by staff.

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

Project Apollo

Hadwiger presented Project Apollo. The company behind Project Apollo is an agricultural commodity trading, handling and storage company. The company is constructing a grain export facility in Louisiana and currently has grain assets established in Arkansas and Louisiana with further asset construction taking place in Kentucky, Illinois and Tennessee. The company will be establishing their corporate headquarters to support their grain storage, handling and export facilities. They currently have a small team operating out of a coworking space in Cherry Creek and many of the employees would like to remain in Denver. The company believes they would have success in recruiting and retaining talent in Denver.

Staff is requesting approval of \$162,974 in performance-based Job Growth Incentive Tax Credits over an 8 year period for the creation of up to 20 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 – Franz, Sparr – Project Apollo approved as presented and recommended by staff.

Update of Approved Projects

Hadwiger said Project Buffalo did choose Colorado. The Company is choosing to remain confidential at this time but we hopefully that name will be forthcoming soon. I also want to note the DBJ article that was emailed to the group and supplied in your board materials about the Denver area's pros and cons for business, according to national site-selection leaders. I also want to note this week my team hosted a delegation from Finland that included the Finland Ambassador. We signed a memorandum of understanding between Governor Polis and the Ambassador from Finland to advance work in advance technologies, quantum and cleantech or broadly. We took them on several site visits which included NREL. They are still programming today and will leave this afternoon. It's great news to have thirty top executives in research and innovation from Finland here in Colorado.

D. EDC Policy Discussion

Gould began the policy discussion. In December each year, OEDIT staff updates program parameters with current data for the upcoming calendar year. However, when comparing the "new" data for Calendar Year (CY) 2022 to the data for CY 2021 incentives/programs, the data showed outliers and significant variances that have been caused by the impacts the COVID pandemic had on the economy and employment. OEDIT staff would like to retain the CY 2021 benchmarks for the incentives/programs awarded in CY 2022 for the reasons listed below.

Many of the metrics used for these programs lag by a quarter or more, Average Annual Wage (AAW) as an example. For Rural Jump-Start (RJS) almost all of the data used lags by a year - Per Capita Income and Growth, Unemployment and Labor Force data pulled at the end of 2021 is data from the year 2020.

Average Annual Wage (AAW) is used as a metric for the Job Growth Incentive Tax Credit Program (JGITC), Strategic Fund incentives, and RJS in the determination of which employees qualify as New Hires. If AAW has increased dramatically in an economically distressed county, the number of employees qualifying for RJS tax relief and New Hire grant funding will decrease. For JGITC, the number of net new jobs created in Colorado could also decrease. As unemployment numbers for 2020 and 2021 increased in counties heavily impacted by tourism shortfalls, Average Annual Wage is impacted by fewer employees in those counties, increasing the AAW to much higher wage figures.

Another metric for the RJS program when determining the number of Economically Distressed counties is the Labor Force statistics - is the labor force in a county increasing or declining. Because of these anomalies, 2020 data is not expected to be released for another 4-6 months. These figures combined will cause fewer counties in Colorado to be designated as economically distressed and would no longer qualify to become Zones in the RJS Program.

Each November or December staff pulls the most recent four quarters of data from the Bureau of Labor Statistics, (BLS), Quarterly Census of Employment and Wages, (QCEW). This is County Employment and Wages. That means wages of workers whose employment is based in the county, not the residents. QCEW wages data represent the total compensation paid during the calendar quarter regardless of when the services were performed. Wages include bonuses, stock options, severance pay, the cash value of meals and lodging, tips and other gratuities. Exclusions to wages are employer contributions to old-age, survivors, and disability insurance, health insurance, UI, workers' compensation, and private pension and welfare funds are not reported as wages. This data is on a significant lag. For the updated calculation of AAW for CY 2022 incentives, the four most recent quarters of data are: 2020 Q2, 2020 Q3, 2020 Q4, and 2021 Q1.

Even a 7.6% change in the statewide AAW is significant. We suspect that because of the COVID pandemic, lower wage workers left the workforce at a great rate than higher wage workers. Thus, the AAW increased more, with fewer workers.

During a recovery, the EDC needs to act in the best interest of all Coloradans and for the best of the Colorado economy. Updating the AAWs, using wage data from mostly mid pandemic shutdown in 2020 for the 2022 incentive will hurt the EDC's ability to incentivize job growth for a middle wage employer. If a significant job growth project is considering Colorado, and they are mid-wage manufacturer, our state will lose out on competing for that economic recovery project based solely on the "wonky" data from QCEW.

- 1) The data is in flux.
- 2) Statute does not require us to change every year.
- 3) It is in the best interest of the commission to not "price" projects, where we are competing with other states, out of consideration.

Given the change in AAW and Unemployment numbers, fewer employees hired by Rural Jump-Start companies would qualify as New Hires. Using the current unemployment figures and without the updated data for Labor Force statistics would cause two counties - Jackson and Rio Blanco - to be disqualified as an economically distressed county in the year where all counties need to be redesignated as Economically Distressed. Rio Blanco is a Tier 1 Just Transition Community. The current unemployment rate would also allow Pitkin County to qualify for economic distress.

Using last year's data for Rural Jump-Start would allow the current counties to retain their Economic Distress designation through the next analysis as well, which will be affected by the fluctuating data through the COVID pandemic.

OEDIT staff recommends that the EDC approve the policy change, to not update the data above as per normal procedures, and that we retain the AAW and RJS economic qualifiers from CY 2021 for the CY 2022 awards for the benefit of maintaining Colorado's COVID economic recovery.

Pryor asked if we are interpreting the statute or does the statute authorize us to delay a year.

Kraft said there are no specific requirements for changing it every year it has been a best practice that we've all agreed upon. I do think the EDC has full discretion to skip a year and go to an earlier year. The statute doesn't prohibit it. The Commission has broad latitude in interpreting the statute and making policies and procedures. We think the general policy should be every year so we are not proposing to change that, but because labor markets are so unsettled, with strange occurrences and potentially inadvertent effects of using this year's data, we are proposing skipping a year.

Schiff said it is within our discretion, we are being asked to modify our past policy by holding over the prior year's average annual wage because we think there has been artificial wage depression because of the pandemic. I think it is beneficial to job growth to use the higher figures so that companies coming in are going to be focused on pre-pandemic wages.

Gould added that it would also help us be competitive with other states as well. They may not have this wage requirement and we could be pricing great projects that are going to create really good jobs out of competing in Colorado.

Franz said I am concerned about this direction. My real concern that the data in the smaller counties is almost certainly biased. I'm afraid that if we stick with these older numbers for the larger counties I think that the wage growth in some of those more active, economically vibrant counties is real and the increases in the AAW in some of our bigger metro areas is real. Do we have any way to monitor this on a more regular basis rather than sitting on it for an entire year?

Kraft said there is wage inflation and some of that may be a bit unnatural. In the medical sector there are nurses that are leaving status as permanent employees and becoming traveling nurses and doubling their salary and being hired back on some of the places they left because of the pressures that have happened in the industry. There is also some natural wage growth that is happening. We've also seen in some of the high tourist or high travel counties that haven't recovered, the number of workers in those hospitality sectors have dropped and the amount of wages that went away with them is not proportional to the number of lower wage workers. So the remaining AAW shoots up and that makes what is a middle income, say a manufacturing job suddenly falls below the average and then we can't recruit those types of middle skill middle income jobs that come with benefits and are solid employment jobs. So there is many things happening in the economy in the short term. We definitely wouldn't want to keep the prior year's AAW forever and we are certainly open to tracking it in more detail.

The GBD team has a deal flow that takes a month or so to get through the pipeline. Some of the deals can take four to six months and they have to put offers out there to the business knowing what AAW they need to hit in the communities. They need some certainty. If it changes on a dime, it messes up their deal flow. That's why setting the policy for the year makes sense.

Allen-Davis said we will likely be in some rocky territory regarding wages for a few years at least. It is so dynamic that this is something that we are going to want to pay attention to and I support the idea of not making changes too quickly for all the other unintended consequences that could hurt. But I don't think this is a one year prospect. I'm glad we have staff looking at it and helping us work through it.

Schiff asked for a motion in favor of the staff recommendation that we hold the AAW and RJS economic qualifiers from CY 2021.

Pryor moved staff recommendation. Seaton seconded the motion.

Dragoo asked if we can change the AAW by county and not have a blanket one. I know that's a lot to manage but is that something that we can do as a Commission. Set the AAW differently across rural potentially Just Transition areas.

Kraft said not using a consistent methodology is challenging. If you set it using more stringent criteria for one community versus another, the communities are going to argue. That would be a challenging thing to do and to defend and administratively, to keep track of.

Kraft said six months from now we can do an offline deep data dive with Franz and if he thinks it's worth it to update the Commission and explain what we're seeing we can provide that interim update at a future meeting. It's good for us to be thinking about it.

Franz said I appreciate that. I just want to make sure it's not a long project to put that together. If staff can make a request to BLM or the state demographer's office in July and then we can take a look at it. Commissioner Allen-Davis makes a great point this is going to be a protracted dynamic situation. I almost think we need to have an algorithm. A three year average per county or something to like that, that takes out the anomalies and any dynamic shifts without us having to defer it. So that it's an automatic policy. We don't have to decide that now and I am supportive of maintain the 2021 numbers for now but I'd like us to think about it more because it has the potential to have negative effects.

Schiff said that it goes both ways. I like that fact that Mineral now has a higher AAW if in fact that can attract companies to bring higher paying jobs to the area. You could do the lower of this years or last years but then Mineral is not making progress in bringing on higher paying jobs.

Tafoya said it's prudent to move forward given the scenario the staff has outlined but keep in mind what the challenges could be moving forward and confer with legal counsel if we were to ever make a decision that is contrary to our own policy.

Schiff said the current proposal is to approve the staff recommendation and look to staff to keep us up to date and bring us any requests for exceptions on that on an as needed basis. And we will look at this again annually.

Gould said keeping the 2021 for the JGITC is going to be less of an issue. I think it's really the RJS because those wages really make it harder to qualify for the incentives for those small start-up companies that they were already awarded.

Blankenship added that we use the RJS program to encourage those business to hire people and more into these rural economic distressed counties. If the bar begins to be set too high then those employees they are trying to recruit will not get those benefits.

Schiff said, I have a motion and a second on just approving holding last year's rates for this year. Are there any concerns or does anyone want to correct the motion. Hearing none, let's vote.

M/S/P – Pryor, Seaton – Staff recommendation of holding the AAW and RJS economic qualifiers from CY 2021 approved as presented and recommended by staff.

Schiff asked Franz if was agreeable to working with staff and following up on any further learnings and look at a three year average and see what that does.

Franz said he would take that on and bring something back to the Commission if it's meaningful.

Schiff said I would also ask Hadwiger to let us know if there are strategic companies that you think are being turned off of say Mineral, because of the high AAW. Let us know if we need to intercede.

Hadwiger said she would.

E. Strategic Fund EDC Budget Update

Gould provided the EDC Budget update which shows a Long Bill balance of \$4,568,475.

SF Balance Forecast

Gould presented the SF Balance Forecast that shows an approximate, current available balance of \$4,568,475 in annual Long Bill funds, \$11,532,000 in CRPS funds, \$2,202,500 in RJS Grants, \$3,800,000 in Federal Rural Funds, and \$6,200,000 in Federal General Funds.

Project Thunderbird

Hadwiger presented West Star Aviation's Project Thunderbird. Project Thunderbird represents the company undergoing a facility expansion to increase aircraft maintenance, avionics, and interior capacity and capabilities in one of two of their existing locations. In addition to Colorado, the company is considering Illinois where they also have significant operations. Within Colorado, the company is considering expanding their presence where they currently employ 531 people. The company's decision factors include access to talent, supply chain, and ease of doing business.

Staff is requesting approval of \$1,454,571 in performance-based Job Growth Incentive Tax Credits over an 8 year period for the creation of up to 110 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.

Additionally, staff is requesting \$246,000 in a performance-based Strategic Fund incentive over a 5-year period, 60 months, is requested from the EDC at \$4,000 per net new job. This incentive is contingent upon the creation of up to 61.5 net new permanent full-time jobs at a minimum average annual wage (AAW) of \$50,908 (110% of the Mesa County average annual wage). Or a payout of \$3,000/NNJ for the creation

of up to 82 net new jobs if the average annual wage is at least \$46,280 (100% of the Mesa County average annual wage at the end of the 5-year term). The maintenance of the net new jobs in Colorado for one full year before any grant payments are made. A \$1:\$1 local match of incentives by the Grand Junction Economic 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 under match of OEDIT's payouts.

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

Disproportionately Impacted Business Grant Program

Landes provided some background on the program to date including the lawsuit. The lawsuit over the program's statutory language has been resolved in favor of the state. Staff provided the final court order. No program awardees qualified for an award solely based on minority status and all qualified applicants received an award. None were denied despite oversubscription to the program.

The programs next step include developing TA with the MBO office and the Startup Loan Program for \$40M is on the 2nd semester 2022.

Landes handed the presentation over to Mike Kotlarczyk.

Kotlarczyk said the outcomes discussion will touch on legal advice so it would be prudent to enter into executive session.

Franz moved 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 Disproportionately Impacted Business Program. Allen-Davis seconded the motion. Motion passed unanimously.

The EDC is now in Executive Session.

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

Pryor moved the EDC exit executive session and enter into open session. Franz seconded that motion. The motion passed unanimously.

The EDC is now in open session.

Schiff thanked everyone for their patience while the board was convened to executive session.

EDC Oversight of SF and ARPA Funding

Streight provided an overview of the funds and the requirements we are trying to meet with ARPA as well as where we currently stand with funding amounts for each program as well as some earmark requests and one project request.

There are four different general eligible uses in ARPA. Almost everything we do falls under the first criteria. But today we are also going to talk about the third criteria which is for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency.

- a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- b) To respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers
- c) For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- d) To make necessary investments in water, sewer, or broadband infrastructure.

Every program being developed under the ARPA funds allocated to the SF is required to complete a checklist indicating the program’s compliance with the various requirements of the SF, the Economic Relief and Recovery Cash Fund (state bill), and the American Rescue Plan Act and obtain approval from the EDC to earmark and spend the money on the program.

Kraft said when we earmark money we are allocating the funds but we are not contracting the money. With these ARPA dollars there are changes from Treasury guidance and new learnings about how these uses can be documented and determined and new uses that come forward that have a degree of urgency. There is an exciting development that is happening in Colorado that we want to share with you that can be a potential competing use for some of these ARPA dollars and that is the \$1B Build Back Better Regional Challenge. It is the marquee of EDA’s American Rescue Plan programs that aims to boost economic recovery from the pandemic and rebuild American communities, including those grappling with decades of disinvestment. 60 finalists selected out of 529 applicants for Phase One, including one in CO from the Colorado Coalition, led by Innosphere Ventures. The Governor and OEDIT officially endorsed this project and 11 others (including El Paso, rural, and Just Transition focused coalitions). The Coalition seeks significant State of Colorado support for the required \$20M match against the \$100M EDA grant request. While OEDIT is not seeking EDC approval at today’s meeting, we will need to hold a special EDC meeting in early March to review and approve an updated request for matching funds out of the Strategic Fund.

Gould presented the ARPA funded programs.

Below are the requests for EDC approval today:

- Workforce Resilience Training Program - \$5M: Request for
- Earmark Approval
- Tourism - \$10M: Request for Earmark Approval
- Community Revitalization Grant project (ArtSpace Colorado Springs) - \$5M: Request for Project Approval

Workforce Resilience Training Assistance Program

Gould presented the program request. With \$5 million of American Rescue Plan Act funding, OEDIT proposes to provide skills training to employers and workers who, for a variety of reasons, were particularly impacted by the pandemic and were unable to obtain the skills needed for viable employment and advancement.

This program is funded by the \$40M allocation to the Strategic Fund from the American Rescue Plan Act. The Workforce Resilience Training Program is designed similarly to another OEDIT program - Skill Advance Colorado and involves a close partnership with the Colorado Community College System.

Staff is requesting earmarking up to \$5 million, that is subject to adjustment, of ARPA funds under the Strategic Fund for the Workforce Resilience Training Assistance Program. BF&I will provide quarterly and annual program status updates, as per the reporting guidelines of ARPA.

M/S/P – Allen-Davis, Paletz - \$5M earmark for the Workforce Resilience Training Assistance program approved as presented and recommended by staff.

Colorado Tourism (CTO) Earmark Request

Wolfe presented the CTO earmark request. The CTO's mission is to drive traveler spending through promotion and development of compelling, sustainable travel experiences throughout our four-corner state. The CTO is the Destination Marketing and Management Organization for the state of Colorado.

Destination Marketing and Management Organizations inspire travel to and within a destination, enhance visitor experience, protect destination assets and improve residential quality of life.

Over the last three years the CTO funding has been reduced by about \$6M. Colorado tourism was heavily impacted in 2020 due to COVID-19. Highlighted impacts from the 2020 Longwoods Travel USA Colorado Report include:

- Total Colorado travel spending was \$15.4 billion in 2020 compared with \$24.2 billion in 2019, an \$8.8 billion difference or 36.3% decrease
- The state welcomed a combined total of 74.1 million overnight and day visitors, down 14.7% from 2019
- Marketable trips in 2020 (trips influenced by advertising) fell 11% from 2019, visits to friends & relatives fell 28%
- Denver County accounts for approximately a quarter of all travel-related spending in the state of Colorado
- Travel spending in Denver County declined 56% in 2020, significantly higher than the statewide average of 36.3%
- Statewide direct travel-related employment dropped to approximately 149,500 in 2020, a 20.3% decrease from 2019 levels of 187,700. In 2019, every \$1 million in travel-related spending resulted in 7.5 jobs for the industry
- Taxes directly related to travel declined by 31.5% from approximately \$1.5 billion in 2019 to \$1 billion in 2020
- Colorado received fewer than 300,000 international visitors in 2020, a 73% decrease from 2019. These international visitors spent around \$306,000,000, an 81.3% decrease from 2019. This was due to the COVID-19 pandemic and subsequent travel restrictions.

CTO Funding Request Use

Marketing and Promotional Campaigns - \$5M: Advertising and marketing promotions targeted to assist tourism recovery in destinations impacted by COVID. Strategies and target regions will be identified based on the pace of recovery and changing regional needs.

Diversity, Equity and Inclusion

Advertising Campaigns - \$2M - Development of targeted multicultural campaigns based on primary research focused on understanding the wants/ needs of underrepresented audiences as it relates to travel to Colorado.

Staff is requesting earmarking up to \$10 million of ARPA funds for the marketing and promotion of Colorado, DEI promotional campaigns, Destination Stewardship in our rural communities, and an awareness program to strengthen Colorado's tourism workforce. CTO will provide annual (beginning July 2022) project status updates to the EDC, and will give quarterly financial reports, as per the reporting requirements of ARPA. Until final funding allocations are determined by OEDIT, CTO will not encumber the funds.

M/S/P –Pryor, Sparn – CTO earmark approved as presented and recommended by staff.

Colorado Creative Industries (CCI) Artspace Colorado Springs

Hunt presented the CCI Artspace Colorado Springs request. At the January 20th EDC meeting, the EDC approved a \$20M earmark in ARPA funds for affordable housing development through the Community Revitalization Grant (CRG) that was authorized by SB 21-252 in the last session. SB 21-252 provided \$65M in gap funding for projects in creative districts, historic districts, main streets, or neighborhood commercial centers that advance the creative industries. At that time we presented 6 projects that had gone through a rigorous expert panel review process. We have panelist that represent financial institutions, state agencies, OEDIT's rural prosperity representatives and others like History Colorado. We noted that when the projects are close to being shovel-ready, CCI would come back to the EDC with a specific project recommendation request.

Today's request is to approve up to \$5M of the previously approved earmark, for ArtSpace Colorado under the CRG program. The project consists of 51 units of affordable housing focused on creative households, commercial and studio space for artists, public art by Colorado artists in interior and exterior space, and EV parking.

Compliance with ARPA

- CCI will provide quarterly and annual (beginning July 2022) project status updates, as per the reporting guidelines of ARPA
- Comply with the intent of ARPA to support COVID recovery and stimulate the economy via economic development through

Tafoya asked what the local support looks like and if there are any incentives for the local community to also engage.

Hunt said in order for a project to be approved by the panel and the council on creative industries, we have to see documentation of strong community support from local government and contribution of funding from the local government. That is all in place and we are satisfied with the level of community engagement and support.

Tafoya said, can you tell us what that is.

Hunt asked the ArtSpace representatives to respond to that.

Holme said the public funds that are involved are listed on page 196 of the board book. We have support from the Downtown Development Authority, the City of Colorado Springs, El Paso County, we are applying for 4% low-income housing tax credits. We already of the bonds from the county. We've got great private sector support too and have a big request into the El Pomar Foundation.

Koski said we received tentative bond allocation from El Paso County as well as we have some pending asks from the City for CDBG support. The philanthropic sector is made up of local foundations and individual donations that have moved this project forward into its current state. There is also \$300,000 of housing trust fund, it's a \$13M tax exempt bond allocation and about \$250,000 in CDBG dollars.

Tafoya said he didn't understand all of the acronym's and that the project development budget isn't adding up in terms of clarity. I will defer to others that have questions for now.

Pryor said the reason he likes the project is because it does have some local funding and support. Can this type of approach be utilized for workers in the hospitality industry?

Hunt said the funding in this bill is specifically for advancing creative industries. Some elements of the project need to do that but yes, some of the housing that are being funded with community revitalization grants can be a mix of other types of housing.

Paletz asked for more information on the deferred developer fee.

Koski said since this project is underwritten by the Colorado Housing and Finance Authority (CHFA). There is a limit of 15%. The way low-income housing tax credits generally work is that the developer fee is part of the eligible basis. So, you would try to create as large a developer fee as allowable and in this case to in order to add some of ArtSpace's allowable developer fee into the game to act as a source. That 1.4 amount would be paid back over time throughout the course of the first 15 years of the project or it will be deferred into equity in the deal and not actually be a deferred fee.

Paletz said so ArtSpace is the developer here.

Kolski said that is correct.

Hunt said ArtSpace is a non-profit developer that has been doing this across the country for over 30 years and they specialize in creative sector workforce housing.

Dragoo said Montrose was the recipient of one of these grants and we appreciate Margaret's work on that, and I am involved in that project so I will be recusing myself from the vote here.

Tafoya asked for clarification on the CCR grant.

Hunt said CCR is the Colorado Community Revitalization grant. It is funded with state funding that came out of SB 21-252. In addition to that, additional ARPA federal funds were put into the Strategic Fund and that is a separate pool of funds. So, this is a combination of state CCR as well as ARPA federal funds.

Tafoya asked who is approving the CCR grant.

Hunt said that has already been approved by the Council on Creative Industries which is the council appointed by the Governor that Colorado Creative Industries reports too.

Tafoya said it says pending in the board book.

Hunt said this information is a little bit dated, but the project was presented to the Council in the fall. So, it has been approved.

Tafoya asked for clarification as to why \$5M is the appropriate amount to ask for this project from the ARPA funds.

Hunt said its so the project can be shovel ready and can move forward quickly which is one of the intents of the ARPA funds.

M/S/P – Allen-Davis, Franz - Colorado Creative Industries (CCI) Artspace Colorado Springs approved as presented and recommended by staff. Dragoo recused himself from the vote. Tafoya abstained.

SSBCI Update

Kraft said in between EDC meetings, staff successfully applied for SSBCI dollars. We were the 7th state to apply. I want to thank the people on the team that worked really hard to get this done, Sonya, Mike, Andrea, and the consultants we had working round the clock. Also, kudos to Sonya who caught an error in the Treasury's spread sheet that we updated them on.

F. Enterprise Zone (EZ): Sonya Guram

Guram wanted to recognize Che Sheehan who has been promoted from a program analyst to a program manager and he will be stepping in and supporting the Enterprise Zone program.

Contribution Project Proposals

Guram presented the following EZ Contribution Project Proposals for approval.

- Artspace Feed and Grain Project
- Homeward Alliance Inc
- Family Housing Network of Fort Collins
- Longmont Downtown Development Authority

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

G. 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 \$4.1 remaining if the pending projects today are approved.

Black Diamond

Baug presented Black Diamond. Black Diamond is a feature film and thriller set in the Rocky Mountains. When a young woman (who would appear to be living an idyllic life with her hedge fund boyfriend atop a ski mountain) makes a mistake with the local cowboy handy man, her life shatters and becomes a deadly triangle of lust, obsession, and ultimately murder.

Production for Black Diamond is slated to begin in March and April 2022, in Telluride. Black Diamond is being fully financed via private equity. Producers intend to submit the finished film to major film festivals and will leverage their film industry experience and relationships with major agencies, sales agents, as well as domestic and international distributors, in order to sell/license the worldwide distribution rights for the film.

Per the applicant's estimations, the Office of Film, Television & Media is anticipating a total of \$2,217,449 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$3,987,528.

The project has a total preliminary Colorado budget of \$2,217,449:

- Payroll spend: \$1,506,689 (this figure excludes those new Colorado-based positions being incentivized by the JGITC)
- Vendor spend: \$710,760
- CO Crew hires: 41
- CO Cast hires: 36
- Total CO hires: 77, which equals 83% of the workforce for this project

The estimated qualified local expenditures of the application would result in a rebate of \$443,490 which is a 20% rebate.

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

M/S/P – Dragoo, Tafoya – Black Diamond approved as presented and recommended by staff.

The Faux Princess and the Vietnam

Baug presented The Faux Princess and the Vietnam. The Faux Princess and the Vietnam Vet is an independent feature film set in Boulder in 2003. Desperately needing a more authentic life, a newly single woman gives up her cushy divorce settlement and moves into a mobile home park to become a caregiver for two developmentally disabled adults. Her life becomes even more complicated when she meets a neighbor – an intriguing but troubled Vietnam veteran – and all four people impact each other's lives. Production for The Faux Princess is slated to begin in June 2022 in locations primarily around Boulder county. Financing has been secured via private equity. Producers are pursuing commitments from an actor with name recognition to elevate the production and assist with distribution. The production team intends to pursue distribution through pre-sales, major distributors, independent theatrical distributors, direct international territory distributors, international sales agents, possibly film festivals, and other avenues for distribution.

Per the applicant's estimations, the Office of Film, Television & Media is anticipating a total of \$267,500 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$481,032.

The project has a total preliminary Colorado budget of \$267,500:

- Payroll spend: \$151,000
- Vendor spend: \$116,500
- CO Crew hires: 22
- CO Cast hires: 30
- Total CO hires: 52, which equals 96% of the total crew hired for this project

The estimated qualified local expenditures of the application would result in a rebate of \$53,500, which is a 20% rebate.

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

M/S/P – Pryor, Sparn – The Faux Princess and the Vietnam approved as presented and recommended by staff.

Lovers

Baug presented Lovers. 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 April 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 producers plan to submit the film through the film festival circuit beginning in Fall 2022.

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 total crew hired 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 approved as presented and recommended by staff. Stapleton recused himself from the vote.

H. Rural Jump-Start (RJS): Andrea Blankenship

2022 County Analysis

Blankenship said OEDIT has concluded its annual review of all 64 Colorado counties.

OEDIT has performed the annual analysis of economic distress for all 64 Colorado counties. The EDC must designate a county as economically distressed for that county to form a RJS zone and participate in the RJS program.

Defining an Economically Distressed County

An economically distressed county is defined by the statute as a county with a population of less than 250,000 that shows certain indicators of economic distress. New economically distressed counties are designated every year by the EDC, but once a county is designated as economically distressed, it retains that designation for three years, regardless of any changes in economic conditions during those three

years, and regardless of whether the county passes a resolution to become a Zone or is approved by the EDC.

Details of Analysis

The Rural Jump-Start Program reviews a county for seven metrics of economic distress. If a county meets any three of the seven metrics, it is designated as economically distressed. These seven metrics are:

- Per capita income 20% or more below the state average
- County-wide personal income 20% or more below the state average
- Average unemployment level over the last five years 20% or more above the state average
- Has the county lost people of workforce age over the last five or the last ten years
- Percent of pupils eligible for free school lunch higher than the state average
- County designated as an Enhanced Rural Enterprise Zone by OEDIT
- Included in a metropolitan statistical area (MSA), as defined by the US Census Bureau

Current County Status

Counties that have formed Rural Jump-Start Zones

Archuleta, Clear Creek, Delta, Dolores, Fremont, Garfield, Huerfano, Las Animas, Lincoln, Logan, Mesa, Moffat, Montezuma, Montrose, Otero, Prowers, Pueblo, Rio Blanco, Routt, San Juan

Counties Designated as Economically Distressed (Eligible for the RJS program) that have Not Formed a Rural Jump-Start Zone

Alamosa, Baca, Bent, Cheyenne, Conejos, Costilla, Crowley, Custer, Hinsdale, Jackson, Kiowa, Kit Carson, Lake, Mineral, Morgan, Phillips, Rio Grande, Saguache, Sedgwick, Washington, Yuma

Counties Not Designated as Economically Distressed (Ineligible for the RJS program)

Broomfield, Chaffee, Eagle, Elbert, Gilpin, Grand, Gunnison, La Plata, Ouray, Park, Pitkin, San Miguel, Summit, Teller.

Counties Ineligible for the RJS program because they have a Population Over 250,000 People

Adams, Arapahoe, Boulder, Denver, Douglas, El Paso, Jefferson, Larimer, Weld.

By statute, these nine counties are ineligible to participate in this program because they have a population above 250,000 people. Any county with a population below 250,000 that is not designated as economically distressed will be reviewed annually for eligibility.

Due to the data discrepancies due to the COVID-19 pandemic, OEDIT recommends using the annual data for the year 2021. This recommendation would keep all current county economic distress designations in place. Economic distress designations are for 3 years from the last designation, which was on 2/20/2020. To smooth out the data discrepancies that will occur in 2020 and 2021, we recommend that all current economic distress designations be continued for another three years.

Economic Distress Designation would be continued through 2024 for the following counties:

Alamosa, Archuleta, Baca, Bent, Cheyenne, Conejos, Costilla, Crowley, Custer, Delta, Dolores, Fremont, Hinsdale, Huerfano, Jackson, Kiowa, Kit Carson, Lake, Las Animas, Lincoln, Logan, Mesa, Mineral, Moffat, Montezuma, Montrose, Morgan, Otero, Phillips, Prowers, Pueblo, Rio Blanco, Rio Grande, Saguache, San Juan, Sedgwick, Washington, Yuma.

Clear Creek County and Routt County are currently being reviewed and will be brought to the EDC for extension at a later meeting.

Staff recommends designating the following counties as economically distressed through December 31, 2024: Alamosa, Archuleta, Baca, Bent, Cheyenne, Conejos, Costilla, Crowley, Custer, Delta, Dolores, Fremont, Hinsdale, Huerfano, Jackson, Kiowa, Kit Carson, Lake, Las Animas, Lincoln, Logan, Mesa, Mineral, Moffat, Montezuma, Montrose, Morgan, Otero, Phillips, Prowers, Pueblo, Rio Blanco, Rio Grande, Saguache, San Juan, Sedgwick, Washington, and Yuma.

Blankenship added that we would have lost the counties Jackson and Rio Blanco with these discrepancies, and we would have added Pitkin County.

Schiff called for a motion.

Paletz moved the staff recommendation. Allen-Davis seconded the motion.

Schiff asked if it's within our purview to add Pitkin County even though they wouldn't be there using the 2022 data.

Blankenship said it is within the EDC discretion to add Pitkin.

Paletz amended his motion to include Pitkin. Allen-Davis seconded the amended motion.

Seaton said there are some areas of Pitkin County that are not in need of any RJS assistance. I'm wondering if we can carve those out. Or at least make that part of the motion that areas of Pitkin that would qualify should be part of the program but areas that should not qualify are carved out.

Kraft reminded the EDC that Pitkin showed up as eligible three or four years ago and at that time the EDC decided not to make them eligible based on some of the things Jay is talking about here today.

Schiff said since then we did Routt County excluding Steamboat.

Blankenship said we added Steamboat back about a year later when Smartwool was taken over by VF Corp.

Schiff said so there is a precedence if we want to do this. So should we park it until they ask to be included.

Blankenship said we can park it for another month until we can get some additional data to see what parts would qualify. We can then bring that back.

Paletz re-amended the motion and is recommending approving the staff recommendation and follow-up on Pitkin County until further data can be collected and reviewed. Allen-Davis seconded the re-amended motion.

Tafoya asked if there is anything statutorily that we would come against in carving areas out.

Kraft said there is nothing in statute that would block us from doing that.

M/S/P – Paletz, Allen-Davis – Staff recommendation and follow-up on Pitkin County approved as presented by staff.

Sponsoring Entity San Luis Valley Development Resources Group

The San Luis Valley Development Resources Group (SLVDRG) has submitted an application as a Sponsoring Entity in the Rural Jump-Start Program.

Per current statute, a Sponsoring Entity can be either a designated Institute of Higher Education or an Economic Development Organization. The application certifies that the Sponsoring Entity has read the Program Manual, has the resources available to launch and administer the program quickly and vigorously, has a single point of contact, and has the capacity to qualify and review applications for the program.

OEDIT recommends the approval of the San Luis Valley Development Resources Group as a Sponsoring Entity in the Rural Jump-Start program.

M/S/P – Allen-Davis, Pryor – SLVDRG approved as a sponsoring entity in the RJS program.

I. Advanced Industries: Rama Haris

FY22 University of Colorado Denver Allocation Request

Haris presented two FY22 University of Colorado Denver Allocation requests totaling \$100,000 for final approval.

M/S/P – Sparrn, Franz - FY22 University of Colorado Denver Allocation requests approved as presented and recommended by staff.

FY22 Business Accelerator Projects

Haris presented five FY22 Business Accelerator projects for approval. This was a one-time opportunity that we developed. The application opened up on October 6th and closed on December 6th. We had an independent review period with a multi-disciplinary panel with external industry experts that are within this sphere in Colorado. We had our review committee meeting on January 28th. This is under the umbrella of the collaborative infrastructure grant opportunity, meant to develop resources in Colorado that help to advance the ecosystem. This is specifically targeting accelerator programs to help offset the development of accelerators or to help offset tuition for established accelerators there by helping to increase access to those resources.

M/S/P – Pryor, Franz - FY22 Business Accelerator Projects requests approved as presented and recommended by staff.

AI Budget

Haris presented the AI budget which shows \$ 8,352,403 in remaining funds available.

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

RTA Program Update

Sheehan provided the RTA program update. I am pleased to confirm the bonds closed on the USAFA Visitors Center project for \$325M supporting all the related developments and the AFA Visitors Center. We were originally planning on having an update from the Stanley Film Center, but OEDIT staff met with

that team and determined it would be best to do it next month as their really close to a lot of key milestones in terms of the financing for that project. We will get an update from them in March.

K. Other

Early March Meeting

Kraft said we will need to have an early March meeting we currently have the 1st on hold, and we will look to firm that up soon.

Next EDC Meeting

The next EDC meeting will be the March 17, 2022. This meeting will be virtual.

With all items discussed, the meeting was adjourned.