

ECONOMIC DEVELOPMENT COMMISSION

MEETING MINUTES

May 19, 2022

8:30 a.m. – 12:30 p.m.

MEETING DATE

May 19, 2022

Virtual Meeting

MEETING PARTICIPANTS

A. Commission Members

Carrie Schiff, Jandel Allen-Davis, Steven Paletz, David Dragoo, Chris Franz, Carl Young, Andrew Sparn, Walker Stapleton, and Jay Seaton.

B. Guests

Ed Sealover, Aldo Svaldi, Lucas High, Sarah Mulholland, Katherine Stahla, Laura Rodriguez, Jason with Project Myth, Mike Macklin, Stephanie Copeland, Kay Henze, Courtney Rodwell, Lorenzo Dorigo, Kendra Rodriguez, Kacie Adair, Leah Bean, Cassidy Stubblefield, Sara Lobato, and Tina Saucedo.

C. Staff

Pat Meyers, Jeff Kraft, Sean Gould, Sonya Guram, Andrea Blankenship, Tad Johnson, Michelle Hadwiger, Keri Ungemah, Kelly Baug, Donald Zuckerman, Andrew Streight, Elise Hamann, Morgan Vankat, Mike Landes, Mariesela Parraguez, Alissa Johnson, and Virginia Davis.

DECISION/ACTION ITEMS

1. The Economic Development Commission approved the Minutes from the April 21st, 2022, EDC Meeting.
2. The Economic Development Commission approved the following projects/items:

JGIC:	Project Cobalt; and Project Myth.
SF:	Blackstone Entrepreneurs; Workforce Resilience Program; and CRG ArtSpace Administrative Fee.
EZ:	Community Partnership; High Plains Library District Library Innovation Center; Rocky Mountain Independent Electrical Contractors; and Ridgway July Concert Series.
COFTM:	The Get Back Girl.
AI:	CU Denver POC and ESCR Competitive Grants.

Meeting Called to Order

Schiff called the meeting to order.

A. Minutes

Schiff called for a motion to approve the minutes from the April 21st, 2022, EDC Meeting.

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

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

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

Project Cobalt

Hadwiger presented Project Cobalt. The company behind Project Cobalt is a space resources startup focusing on asteroid mining. Their team is working to enable mining of near-earth asteroids for abundant mineral resources that are carbon neutral and sustainable. They are pretty early on in the startup phase and are still gathering funds but expect to grow quickly in the right regulatory environment. Project Cobalt represents the company's decision to relocate to a jurisdiction suited for space resources as the legal framework for space activities, which varies greatly internationally. The company is hopeful that the ownership of space resources be secured in national legislation. This project represents the company moving away from The Netherlands and considering the US, UK, and Luxembourg due to an easier regulatory environment for the work they are doing.

Staff is requesting approval of up to \$1,287,128 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 150 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 – Paletz, Young – Project Cobalt approved as presented and recommended by staff.

Project Myth

Hadwiger presented Project Myth. The company behind Project Myth developed an employee management software to assist people with time sheets and schedules in the workplace. The company's software provides a cloud-based time clock and timesheets that assist to track hours digitally and efficiently. They are headquartered in San Francisco with over 100,000 active locations using their software. They are exploring where in the US to establish a tech hub that would employ up to 399 people in marketing and engineering roles and are currently considering Denver, Atlanta, and Austin. They have a small base of employees in Denver in a diverse set of roles and are considering which office to focus their growth in. Their primary decision factors are access to talent.

Staff is requesting approval of up to \$1,199,873 in performance-based Job Growth Incentive Tax Credits over an 8-year period for the creation of up to 399 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 – Allen-Davis, Paletz – Project Myth approved as presented and recommended by staff.

Update of Approved Projects

Hadwiger said we do have some pending announcements but none for today.

C. Strategic Fund

Legislative Update

Meyers and Kraft provided a legislative update. The session ended on May 11th. A lot of bills impacted OEDIT. They won't all impact the EDC but at least one will. We received a few million for the Film office, but that Bill also includes a task force that will be put together to study the effectiveness of incentives. If any of the board would like to be a part of the taskforce, let us know.

We have inherited the IHIP Program that is meant to incentivize modular/factory-built housing. There is another Bill by Senator Bridges that is complicated and doesn't have a lot of funding to get it set up. I have been tasked with setting it up as the interim Commissioner. This will be done through a special purpose authority (SPA).

We also received an additional \$20M for the Community Revitalization work that Margaret Hunt is working on.

We received an additional \$5M for Just Transition areas which will come through the EDC for proposals.

The state is setting up a public, private, partnership office (P3). Originally it was going to be housed at OEDIT but it has been moved over to Department of Public Administration (DPA). The bill provides that the EDC will appoint at least three Commissioners to the P3 Subcommittee which will advise on P3 projects. This will be set up rather quickly. To begin with, its purpose will be childcare centers and Burnham yard.

Kraft said staff will present the advisory subcommittee information and the purpose more formally at a future meeting.

Schiff asked the board to email Jeff directly if they are interested in serving on the subcommittee taskforce.

Kraft said the Commission might recall we received some extra money in the previous cycle with a footnote attached to that providing a recommendation to do a grant program for economic development organizations to help them recover from COVID. That was done successfully, and Sean and Andrew did a great job on that program. In this cycle we did get an extra \$1M associated with our normal \$5M with another footnote suggesting another grant program for EDO's, not exclusive too but with a focus on rural. So, you will see another program request in the coming months.

EDC Budget Update

Gould provided the EDC Budget update which shows a Long Bill balance of \$4,195,593.

SF Balance Forecast

Gould presented the SF Balance Forecast that shows an approximate, current available balance of \$4,195,593 in annual Long Bill funds, \$5,316,000 in CRPS funds, and \$2,088,824 in RJS Grants.

Strategic Fund Red Yellow Green Report

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

Opportunity Zone Update and Request

Landes and Tiebout provided a provided a program update. Opportunity Zones (OZ) are economically distressed census tracts designated by governors in 2018 after the Tax Cuts & Jobs Act of 2017 to encourage investors with unrealized capital gains to invest in economically distressed areas through

qualified OZ funds. Colorado is one of the few states with dedicated OZ staff. Following are key programs and operations: Opportunity Zone Technical Support Grant and Mini-Grant, Opportunity Zone Video Spotlight Grant, Opportunity Zone Capital Accelerator Program, Steering Committee, Forums, conferences, panels, and community spotlights (in-person and virtual), Co-Invest platform, General questions from Coloradans.

Staff reviewed the programs highlights, partnerships, budget, and proposed new legislation.

OEDIT's proposal on winding down the program includes the following:

Close out:

- Community Grant Program (final distributions by 9/30)
- Steering Committee (final meetings at end of FY22)
- Video Spotlight Grant Program (final distributions by 9/30)

Keep:

- OZ Capital Accelerator Program (possibly housed in another OEDIT division)
- Co-Invest

Ramping Down the OZ Program

Ongoing staff presence at BF&I to provide technical assistance for the program to investors and local governments.

- Currently 1 FTE for the program –aiming to throttle down to 0.2 FTE with potential to continue via a \$20k spend through June 2023
- Maintain a minimum of 0.2 FTE through 2023 FY
- Anticipated \$160k left at originally planned close of program (12/23)

Staff is requesting for the EDC to approve to continue supporting OZs at a vastly reduced pace through June 2023 at an expected cost of \$20k and approve the commissioning of an OZ Program Retrospective study.

M/S/P – Young, Franz – OZ extension request out of the current budget and the commissioning of the retrospective study, approved as presented and recommended by staff.

Blackstone Entrepreneurs Network (BEN)

Henze and Copeland presented the BEN request. Blackstone Entrepreneurs Network (BEN) focuses on creating and supporting an ecosystem for scaleup entrepreneurs, filling a need in the market for middle market companies. Without the support of an organization like BEN, many growth-stage companies quickly fail and exit the market, which negatively impacts economic revenue, the tax base, and capital retention, and makes it more challenging for a community to retain highly skilled workers. Since 2017, BEN has created 18,000 jobs, generated \$6.4B in revenue, and raised \$6.7B through the companies it supports. The pandemic significantly impacted the companies and entrepreneurs BEN serves, primarily in terms of reduced staffing and lost revenue.

Staff is requesting up to \$750,000 in reimbursement grant funding support over three years (\$250,000 per year) from the Colorado Recovery Plan Stimulus (CRPS) funding in the SF. The amount of this incentive takes into account OEDIT staff's analysis of the four factors identified in C.R.S. § 39-22-531 (3)(c), primarily the economic benefits to the state.

This grant is contingent upon:

- BEN matching all funds from OEDIT at a rate of at least \$2:\$1 while diversifying revenue to include sponsorships and earned revenue.
- Payment to BEN on an expense reimbursement basis.
- BEN will plan and undertake commercially reasonable efforts to achieve financial and strategic synergies in its operations by collaborating with StartUp Colorado and/or other ecosystem partners.
- By February 15, 2023, and each year through 2025, BEN will provide a written report on their Success Metrics from their slide deck and operations and achievement of the goals to OEDIT.
- If requested by OEDIT or the EDC, BEN will provide annual in person updates to the EDC on their performance.

Commissioners, Franz, and Paletz noted some concerns around this initiative’s sustainability plan.

Kraft said, from an EDC institutional prospective given the statutory authority you have and the policies we have engaged in historically, the EDC SF does have flexibility and allows you to do cash job creation incentive programs, but it also allows you to do other things like support the Opportunity Zone program. There is language in the statute that basically says if something were to be a normal line item in the general fund budget, before we allocate it, we should talk to the JBC. We have interpreted that and have had conversations with the JBC and their staff to mean, the EDC should not as a general rule become a line item for outside organizations budget. We have provided a couple of rounds of funding but never more than that. When we as staff, bring something like this to you, there is the thought that we will not be brining it back every three years to continue funding it.

After discussing guardrails and transparency and reporting around this initiative the following motion was presented.

Schiff called for a vote of the above motion with the following modifications for reporting. Annual progress reports to show, sustainability reports, programmatic synergies, and progress toward penetrating other markets.

M/S/P – Allen-Davis, Dragoo – BEN approved as presented with the noted additional board modifications. Paletz opposed the motion.

Workforce Resilience Training Program

Gould and Mike Macklan presented the Workforce Resilience Training Program request. With \$3 million already earmarked by the EDC from the EDC’s American Rescue Plan Act (ARPA) funding (\$40M allocation) for the Workforce Resilience program, OEDIT in collaboration with the Colorado Community College System (CCCS) proposed 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. The Workforce Resilience Training Program is designed similarly to the Skill Advance Colorado program and involves a close partnership with the Colorado Community College System.

Program Objectives

- Provide relief to small business employers who were financially and/or operationally constrained by the pandemic
- Provide relief to businesses in impacted industries who were financially and/or operationally constrained by the pandemic

- Incentivize the growth and development of Colorado’s workforce to aid the state’s overall and long-term economic recovery from the pandemic
- Provide assistance to individuals in the Colorado workforce who lost the opportunity to grow and develop in their careers because of the pandemic

Program Logistics

- Training & Up-skilling Relief Grant Program: Distribute funding directly to employers via CCCS who were unable to provide their employees with the opportunity to gain the skills necessary to perform the basic skills in their roles and/or advance in their careers. For example, this may include employers who were unable to send employees to in-person training centers during the pandemic of 2020, and thus lost the production capabilities attached to the requisite training of their employees.
- New Hires Training Grant Program: Target businesses to train new hires who were either unemployed prior to the pandemic or lost employment during the pandemic and provide them skills-based training and hiring opportunities. Provide grant funding to employers to immediately provide training opportunities for new hires to succeed in their roles.

Program Recipients

- Employers (small businesses) who were negatively impacted by the pandemic (e.g., adopted safer operating procedures; weathered periods of closure; experienced financial hardship) in a manner that limited their ability to provide training and/or upskilling opportunities for their employees due to the pandemic
- Employers (any size of business) operating in the industries of tourism, travel, and/or hospitality who were unable to provide training and/or upskilling opportunities for their employees due to the pandemic’s impacts on their industry
- Workers (funded through employers - existing employees as well as new hires) who were unable to receive the necessary training and/or upskilling needed to succeed and advance in their careers because of their occupation and the constraints of the pandemic (e.g., an electrician who could not complete an in-person apprenticeship due to the pandemic)

Performance Metrics

- Outcomes: Numbers of employees who receive training; Number of employers who are able to receive funds to train and upskill their employees; number of new hires receiving employment; number of net new jobs
- Outputs: # of grants and amount of funding; types of training
- Treasury metrics:
 - Small Business Economic Assistance: Number of small businesses served (by program if recipient establishes multiple separate small businesses assistance programs);
 - Aid to Impacted Industries: For each subaward: - Sector of employer (Note: additional detail, including list of sectors to be provided in a users’ guide), - Purpose of funds (e.g., payroll support, safety measure implementation)

Staff is requesting approval to encumber and initiate spending of \$3M of ARPA funds under the SF for the Workforce Resilience Training Assistance Program. Staff will provide quarterly and annual program status updates, as per the reporting guidelines of ARPA.

M/S/P - Stapleton, Sparn – Workforce Resilience Training Program approved as presented and recommended by staff.

ArtSpace Colorado Springs Administration Request

Streight presented the ArtSpace Colorado Spring Administrative request. This is a Strategic Fund initiative program support request for the administrative fee of \$100,000 for the previously approved ArtSpace Colorado Springs project. At the February EDC meeting, the EDC approved \$5M of ARPA funds for this Community Revitalization Program project. However, due to an administrative oversight, OEDIT did not include the \$100,000 administrative fee for this project to contract with Impact Development Fund (IDF) for reporting, compliance, eligibility, and performance monitoring related to affordable housing compliance with the American Rescue Plan Act. This EDC request will bring the total requested funds for the ArtSpace Colorado Springs project of the Community Revitalization Grant program to \$5.1M of ARPA funds in the Strategic Fund.

M/S/P – Franz, Allen-Davis - ArtSpace Colorado Springs Administration Request approved as presented and recommended by staff.

D. Enterprise Zone (EZ): Sonya Guram

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
PP	Community Partnership	Capital Campaign	Community Facility	12/31/2027	\$1,235,000	\$135,550
Weld	High Plains Library District Library Innovation Center	Capital Campaign	Community Facility	12/31/2027	\$32,000,000	\$1,000,000
Adams	Rocky Mountain Chapter Independent Electrical Contractors	Operations	Job Training	12/31/2027	\$200,000	\$5,000
REG10	Ridgway July Concert Series	Operations	Visitor Event/Attraction	12/31/2027	\$78,000	\$27,000
TOTAL					\$33,513,000	\$1,167,550

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

E. 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 \$4,155,588 remaining if the pending projects today are approved.

The Get Back Girl

Baug presented The Get Back Girl. The Get Back Girl is an independent feature film that explores isolation as it relates to mental health and revenge as a metaphor for breaking free from what constrains us all. The Get Back Girl is slated to film in June and finish post-production by August 2022. The production team is scouting locations in Denver and Silverthorne. Producers plan to submit the film to key festivals and leverage their relationship with Samuel Goldwyn Films for potential distribution.

Per the applicant's estimations, the Office of Film, Television & Media is anticipating a total of \$784,000 in qualified local expenditures and with the multiplier effect, the economic impact could reach up to \$1,409,828.

The project has a total preliminary Colorado budget of \$784,000:

- Payroll spend: \$605,000
- Vendor spend: \$179,000
- CO Crew hires: 40
- CO Cast hires: 15
- Total CO hires: 55, which equals 100% of the workforce for this project

The estimated qualified local expenditures of the application would result in a rebate of \$156,800 which is a 20% rebate.

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

M/S/P – Paletz, Sparrn – The Get Back Girl was approved as presented and recommended by staff.

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

Annual Reports Update

Vankat presented the Annual Reports update. So far, we have received 16 out of 25 annual reports. We are still awaiting 9 annual reports. Those companies have already been issued a 30 and 60 correction for not turning in their annual reports. Next month we will ask for a motion for possible suspension or removal for the company's who have not reported for 2021.

Another item under review is the number of new hires that are allocated to a company and zone. A reminder that one of the rules of the program is each zone is allocated up to 200 new hires which the EDC can approve an increase to 300 if applicable. Many of the company's that came into the program within the first 2-3 years tended to over or understate the number of new hires. Because of those rules around new hires it can get a little hard for businesses to estimate the new hires because they have to be full time employees in the zone the earn at least the average annual wage of the county in which they are located.

We track the number of employees each company has, and we determine which of those qualify as new hires. To ensure that zones do not run into any allocation issues, we are working with each company to determine if those new hire allocations are accurate, and we will be asking for approval next month if we need to reset the allocation level for any of those companies.

Additionally, next month, we will also request approval of legacy companies to participate in the new hire grant portion of the program. Legacy companies are what we are calling business that were approved into the RJS program before the grant program was created. We will also be providing an update of where we are at now that we are 1-year into the program.

The Commission thanked Vankat for the update.

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

RTA Program Update

Sheehan said we will have 3 semiannual updates at next months meeting from the Stanley Film Center, the National Western Center, and City For Champions. Additionally, staff provided the State Sales Tax Collection Charts for Gaylord.

The Commission thanked Sheehan for the update.

H. Advanced Industries

AI FY22 POC and ESCR Competitive Grants

Haris presented the FY22 POC and ESCR Competitive Grants for final approval.

M/S/P – Allen-Davis, Franz – FY22 POC and ESCR Competitive Grants approved as presented and recommended by staff.

AI Budget Update

Haris provided the AI Budget update which shows a current remaining balance of \$13,140,778.

I. Other

Next EDC Meeting

The next EDC meeting will be June 16, 2022.

With all items discussed, the meeting was adjourned.